

## Audit Committee Report 2019/20

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The Audit Committee works according to an annual wheel with fixed agenda items following key matters of the annual financial reporting cycle.

In 2019/2020 the Audit Committee held four meetings. All three members attended all meetings within the member's term in 2019/20. For more specific information about meeting attendance, please refer to [p. 52 of the 2019/20 Annual Report](#).

The Committee dealt with the following key matters:

### Review of internal and external audit matters

- Evaluated the performance and the independence of the external auditor, incl. auditor's performance of non-audit services
- Reviewed the external auditor's Group Audit Plan 2019/20, including audit fee
- The external auditor presented its annual long form report
- Reviewed the internal Financial Compliance Plan 2019/20, incl. updated plan for compliance work following COVID-19, as well as quarterly reports from the Financial Compliance Officer
- Assessed the need to establish an internal audit function
- Conducted a thorough audit tender process in accordance with Article 16 of the EU Audit Regulation (Regulation (EU) No. 537/2014) and recommended the appointment of an external auditor for the Annual General Meeting in November 2020.

### Financial, legal and sustainability reporting

- Discussed with the CFO, the Financial Compliance Officer, the General Counsel and the external auditors:
  - changes to accounting policies
  - material accounting , business ethics, litigations, Disclosure Committee, internal controls, fraud, whistleblower, GDPR and internal control issues
  - significant accounting estimates, including review of purchase price allocation of significant acquisitions
  - significant related party transactions
  - significant risks and uncertainties
  - treasury matters
  - skills and adequacy of staffing numbers given M&A and COVID-19 impacts
  - the reporting implications of major acquisitions and divestments.
- The Audit Committee performed a review of:
  - the financial statement releases for the full year and interim financial reports
  - the model for the Annual Report, incl. the financial statements, and the Sustainability Report
  - the Annual Report, the Sustainability Report, the Corporate Governance Statement and the Remuneration Report to ensure alignment with the Annual Report
  - the enterprise risk management process and governance.

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### Other

- The Audit Committee performed a review of:
  - the tax strategy and quarterly tax updates
  - the insurance strategy and insurance renewal
  - the capital structure and excess cash distribution in FY20
  - the overall compliance with corporate governance
  - the internal policies and positions in relation to finance, treasury, investor relations, tax and IT
  - accounting legislation
  - the recommendations from the Board Association on Cyber risks and appointed a member of the Audit Committee to be the member of the Board with IT expertise, who received an IT security management training in September 2020.

### Audit Committee matters and governance

- Reviewed and approved the Annual Wheel for 2019/20
- Conducted a self-assessment, including a review of the Audit Committee Charter
- Conducted private meetings without the Executive Board being present
- Approved a report on the committee's key activities in 2019/20.